

## Withholding Tax Frequently Asked Questions

- Use [TaxExpress](#) to file and pay your withholding taxes. New system available beginning June 27, 2011.
- To learn about all aspects of Utah Withholding Tax, see [Pub 14, \*Withholding Tax Guide\*](#).
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### What is withholding tax?

Withholding tax is money an employer withholds from an individual's paycheck and sends to the Tax Commission as a pre-payment toward that individual's income tax liability.

Because withholding tax is a trust fund tax, an employer must keep the withheld money safe until it is sent to the Tax Commission.

### Who must withhold employee wages?

Any employer doing business in Utah and paying wages to an individual must withhold wages and obtain a withholding account from the Tax Commission.

An employer may be exempt from withholding if they do business in Utah for 60 days or less during a calendar year. Advance approval from the Tax Commission is required. See [Publication 14, \*Withholding Tax Guide\*](#), for more information.

## **What are wages?**

Wages are payments or compensation for services performed by an employee for an employer. This includes payments in a form other than cash.

Utah defines wages by the [Internal Revenue Code Section 3401\(a\)](#).

## **What is the difference between an employee and an independent contractor?**

Utah uses the definition outlined in [IRS Publication 1779, \*Independent Contractor or Employee\*](#).

## **How do I get a Utah withholding tax account (license)?**

Employers can get a withholding tax account (license) by:

- Using [OneStop Business Registration](#) to complete an electronic application or
- Completing and submitting the form TC-69 Utah State Business and Tax Registration to the Tax Commission

There is no fee for a withholding tax account. However, if you have a history of filing or paying taxes late, you may have to post a surety bond.

## **Do I need a federal Employer Identification Number (EIN) if I am a sole proprietor?**

You need a federal EIN if you are required to report employment taxes or give tax statements to

employees. You can request an EIN with the Online EIN Application at [www.irs.gov](http://www.irs.gov).

## How much should I withhold?

The amounts to be withheld are based on the employee's federal W-4 form and the Utah income tax withholding tables in [Publication 14, Withholding Tax Guide](#).

## What is my filing frequency?

Your filing frequency is quarterly unless you report household employment taxes on Schedule H of your federal form 1040 or file form 944, Employer's Annual Federal Tax Return, in which case you file annually.

## What is my payment frequency?

Your payment frequency is determined by the amount you withhold, as follows:

If you:	Your payment frequency is:
Withhold \$1,000 or more monthly	Monthly
Withhold less than \$1,000 quarterly	Quarterly
Report household employment taxes on Schedule H of your federal form 1040 or file form 944, Employer's Annual Federal Tax Return	Annually

## When do I file my return and pay the withholding tax?

The following table summarizes withholding due dates depending on your filing status.

Due Date	All Employers	Monthly Payers	Quarterly Payers
January 31	Give forms W-2 and 1099-NEC to employees and pay (TC-941)	File and pay (TC-941)	File and pay (TC-941)
February 28	Pay December withholding (TC-941PC) and fourth quarter withholding (TC-941 and TC-941PC)	Pay December withholding (TC-941PC) and fourth quarter withholding (TC-941 and TC-941PC)	Pay December withholding (TC-941PC) and fourth quarter withholding (TC-941 and TC-941PC)
March 31	Paper Filers – File annual return (TC-941) and pay first quarter withholding (TC-941 and TC-941PC)	Electronic Filers – File annual return (TC-941) and pay first quarter withholding (TC-941 and TC-941PC)	Pay first quarter withholding (TC-941 and TC-941PC)
April 30	File first quarter return (TC-941)		
May 31	Pay March withholding (TC-941PC) and pay first quarter withholding (TC-941 and TC-941PC)	Pay March withholding (TC-941PC) and pay first quarter withholding (TC-941 and TC-941PC)	Pay March withholding (TC-941PC) and pay first quarter withholding (TC-941 and TC-941PC)
June 30	Pay April withholding (TC-941PC)	Pay April withholding (TC-941PC)	Pay April withholding (TC-941PC)
July 31	Pay May withholding (TC-941PC)	Pay May withholding (TC-941PC)	Pay May withholding (TC-941PC)
	File second quarter return (TC-941)		

Pay June withholding (TC-941PC)	File and pay second quarter withholding (TC-941 and TC-941PC)
August 31	Pay July withholding (TC-941PC)
September 30	Pay August withholding (TC-941PC)
October 31	File third quarter return (TC-941)

Pay September withholding (TC-941PC)	File and pay third quarter withholding (TC-941 and TC-941PC)
November 30	Pay October withholding (TC-941PC)
December 31	Pay November withholding (TC-941PC)

Note: If the due date falls on a Saturday, Sunday or legal holiday, the payment is due on the next business day.

The Tax Commission reviews accounts annually and notifies businesses in writing if the filing frequency changes.

## **What form should I use to report my employee withholding tax?**

You will receive a withholding packet within 30 days of opening a new withholding account. The packet contains all withholding returns and payment coupons you will need for the year depending on your filing and paying frequency.

## **How do I file the return?**

You may file your withholding returns online at [taxexpress.utah.gov](http://taxexpress.utah.gov) or by submitting a completed paper form.

A valid FEIN and assigned withholding account ID number must be on each return.

Returns are due the last day of the month following the period end (for example, returns for annual filers are due January 31). If a due date falls on a Saturday, Sunday, or legal holiday, the due date becomes the next business day. See [Publication 14](#), [Withholding Tax Guide](#), for specific dates.

## **How do I make my payment?**

Pay your tax liabilities using any of the following methods:

- Electronically, by:
  - ACH credit – You initiate this payment through your bank or credit union, which may charge a transaction fee to you. For more information and the application form, see Pub. 43, Electronic Funds Transfer.
  - ACH debit request – You authorize the Tax Commission to initiate this payment. There is no transaction fee. Go to TaxExpress at [taxexpress.utah.gov](http://taxexpress.utah.gov) for more information. You will receive your authorization code by email if you are a first-time user.
  - [Taxpayer Access Point \(TAP\)](#) – You pay electronically with an eCheck or credit card. You will be charged a convenience fee for credit card payments.
- By check. You must use the payment coupon, form TC-941PC.

### **Does my payment count as my return?**

No. You must still file a return by the due date.

### **What if I don't have any withholding for a period?**

You must file a return even if you didn't have any withholding for the period. Enter zeros on the return and send it to the Tax Commission. You can file a zero return electronically at [taxexpress.utah.gov](http://taxexpress.utah.gov).

### **How do I file an amended return?**

If you need to correct a previously filed return, use [form TC-941](#) and put an "X" on the amended line on the form. An amended return replaces the previously filed return. Enter the amounts that should have been on the original return (not the differences).

### **How do I file my reconciliations, W-2s, and 1099s?**

Withholding reconciliations can be filed:

- Electronically using TaxExpress. See [Publication 32, \*Online Filing and Paying of Withholding and Mineral Production Forms\*](#) for more information. Note: If you are required to file your W-2s electronically with the Social Security Administration, and 1099R's with the IRS, you must also file electronically with the Utah State Tax Commission.
- Use form TC-941R for all periods. You must include copies of all W-2s and 1099 forms with the coupon.
- A valid federal EIN and assigned withholding account ID number must be on each return and W-2, 1099 and TC-675R.

The reconciliation is due February 28 if filed on paper or March 31 if filed electronically. If a due date falls on a weekend or holiday, the reconciliation is due the next business day.

### **My account number changed. Which one do I use?**

In March 2009, the Tax Commission began issuing new withholding tax account numbers to all active withholding tax accounts. The new account numbers are 14 characters (12345678-002-WTH). You must use your 14-character number beginning January 1, 2010.

### **How do I change or close my account?**

If you stop doing business in Utah, you should close your account using [form TC-69C, \*Notice of Change for a Tax Account\*](#)

. If you do not notify the Tax Commission, you will be assessed an estimated tax, including late penalties and interest.

### **Where can I get more information?**

You can:

- [Review the Withholding Tax Online Workshop](#)
- [Attend a free Small Business Employer/Withholding Workshop](#)

- [Contact the Taxpayer Services Division of the Tax Commission](#)